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LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1

**Ouachita Parish Police Jury
Monroe, Louisiana**

AUDIT REPORT

As of and For the Year Ended December 31, 2000

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and of her officers and public officials. The report is available for public inspection at the district house, office of the district auditor and, when appropriate, at the office of the parish clerk of court.

Auditor Date 3/4/02

Standa Bell, CPA
A Professional Accounting Corporation
2908 Cameron Street, Suite C
Monroe, LA 70001
Phone (504) 327-4400 • Fax (504) 388-8724

LAKESHORE SUBDIVISION SEWERAGE DISTRICT #1

**Component Unit Financial Statements As of and For the Year Ended
December 31, 2003**

With Supplemental Information Schedules

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JENNIFER GRIFF, CPA
A PROFESSIONAL ACCOUNTING CORPORATION
2700 Cantrill Street, Suite C
Metairie, LA 70001
Phone (504) 885-4656 Fax (504) 885-4754

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Lakeshore Subdivision Sewerage District #1
Metairie, Louisiana
June 13, 2002

I have audited the accompanying general purpose financial statements of Lakeshore Subdivision Sewerage District #1, a component unit of The Ouachita Parish Police Jury, as of and for the year ended December 31, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Lakeshore Subdivision Sewerage District #1 as of December 31, 2001, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The financial information listed as supplemental information schedules in the table of contents is presented for purposes of additional analysis, and is not a required part of the financial statements of Lakeshore Subdivision Sewerage District #1. Such information has been subjected to

the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, I have also issued a report dated June 17, 2002, on my consideration of Lakeshore Subdivision Sewerage District #1's internal control structure and a report dated June 17, 2002, on its compliance with certain provisions of laws, regulations, and grants.



JAMIE SHELPS, CPA

June 17, 2002

LOUISIANA DEPARTMENT OF REVENUE DISTRICT #6
 CHICATA PARISH POLICE JURY
 Thibodaux, Louisiana

PROPRIETARY FUND-- ENTERPRISE FUND
 All Fund Types and Account Groups
 Balance Sheet, December 31, 2001

ASSETS

Current Assets:

| | | |
|----------------------|----|------------------|
| Cash | \$ | 61,711.49 |
| Accounts Receivable | | <u>44,034.00</u> |
| Total Current Assets | | 105,745.49 |

Restricted Assets:

| | | |
|-------------------------|--|-------------------|
| Cash | | <u>503,679.83</u> |
| Total Restricted Assets | | 503,679.83 |

| | | |
|---------------------------------|--|---------------------|
| Property, Plant and Equipment | | 1,761,703.69 |
| Accumulated Depreciation | | <u>(279,864.23)</u> |
| Net Property, Plant & Equipment | | 1,481,839.46 |

| | | |
|--------------------------|-----------|----------------------------|
| Unamortized Bond Premium | | <u>3,896.75</u> |
| TOTAL ASSETS: | \$ | <u>3,145,161.63</u> |

LIABILITIES AND FUND EQUITY:

LIABILITIES:

| | | |
|---|----|------------------|
| Current Liabilities (Payable) | | |
| From Current Assets: | | 11,370.00 |
| Current Portion of Bonds Payable (Payable | \$ | <u>40,000.00</u> |
| From restricted assets: | | |
| Total Current Liabilities | | 51,370.00 |

Long-Term Liabilities:

| | | |
|------------------------------|--|-------------------|
| Due to Louisiana DOTD | | 48,115.00 |
| Senior Revenue Bonds Payable | | <u>345,000.00</u> |
| Total Long-Term Liabilities | | 393,115.00 |

| | | |
|---------------------------|--|--------------------------|
| TOTAL LIABILITIES: | | <u>444,485.00</u> |
|---------------------------|--|--------------------------|

Fund Equity:

| | | |
|--------------------------|--|--------------------------|
| Retained Earnings: | | |
| Unreserved | | <u>581,456.14</u> |
| FUND FUND EQUITY: | | <u>581,456.14</u> |

| | | |
|---|-----------|----------------------------|
| TOTAL LIABILITIES AND FUND EQUITY: | \$ | <u>3,145,161.63</u> |
|---|-----------|----------------------------|

The accompanying notes are an integral part of this statement.

**LAKESHORE SEWERAGE SUBDIVISION DISTRICT #1
CHICAGO, ILL. PARKS POLICE JURY
Moline, Louisiana
PROPERTY FUND - ENTERPRISE FUND**

**Statement of Revenues, Expenses and
Changes in Retained Earnings
For the Year Ended December 31, 2001**

OPERATING REVENUE:

| | | |
|--------------------------|----|-------------------|
| Charges for Services | \$ | 150,100.05 |
| Total Operating Revenues | \$ | <u>150,100.05</u> |

OPERATING EXPENSES:

| | | |
|---------------------------------|----|-------------------|
| Chemicals | \$ | 1,700.00 |
| Depreciation Expense | | 58,050.76 |
| Electric Expense | | 18,464.83 |
| Insurance | | 1,200.00 |
| Lab Fees | | 1,088.00 |
| Legal & Professional | | 2,878.00 |
| Office Expense | | 1,000.00 |
| Planting Supplies & Maintenance | | 333.00 |
| Repairs and Maintenance | | 3,878.00 |
| Supervisory & Accounting | | 33,036.77 |
| Advertising | | 0.00 |
| Total Operating Expenses | \$ | <u>104,550.66</u> |

OPERATING INCOME (Loss) **\$ 45,549.39**

NON-OPERATING REVENUES (Expenses):

| | | |
|---|----|--------------------|
| Interest Income | \$ | 19,201.56 |
| Interest Expense | | (48,750.00) |
| Road Agent Fee | | <u>(66.74)</u> |
| Total Non-Operating Revenues (Expenses) | \$ | <u>(29,615.18)</u> |

NET INCOME **\$ 15,934.21**

| | | |
|---|--|-------------------|
| RETAINED EARNINGS, BEGINNING OF YEAR, as PREVIOUSLY REPORTED | | <u>100,077.44</u> |
| RETAINED EARNINGS, END OF YEAR | | <u>115,991.65</u> |

The accompanying notes are an integral part of this statement.

Inshore Income state 00

**LAFAYETTE SEWERAGE REVENUE DISTRICT #1
ORLEANS PARISH POLICE JURY
Marrero, Louisiana**

**STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2000**

| | | |
|--|-----------|--------------------------|
| Cash Flows from Operating Activities | | |
| Net income from operations | \$ | 20,921.00 |
| Adjustments to reconcile net income to net cash | | |
| Depreciation | | 20,091.00 |
| Changes in assets and liabilities: | | |
| Increase/decrease in accounts receivable | | (9,400.00) |
| Increase/decrease in payables | | |
| Net cash flows provided (used) by operating activities | | <u>31,612.00</u> |
| Cash Flows from Investing Activities | | |
| Capital Expenditures | | <u>(30,940.00)</u> |
| Net cash used in investing activities | | <u>(9,328.00)</u> |
| Cash Flows From Financing Activities | | |
| Payment of Long-term debt | | <u>(40,000.00)</u> |
| Bond Discount | | <u>0.00</u> |
| Net Cash used in Financing Activities | | <u>(40,000.00)</u> |
| Net increase/decrease in Cash and Cash Equivalents | | <u>(17,716.00)</u> |
| Cash and Cash Equivalents at Beginning of Year | | <u>334,475.00</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ | <u>316,759.00</u> |
| INTEREST PAID | | 48,760.00 |

The accompanying notes are an integral part of this statement.

cc: lalafayette@lsd1.net

LAKEBORE SUBDIVISION SEWERAGE DISTRICT #1

Notes To The Financial Statements As of and For the Year Ended December 31, 2000

INTRODUCTION

The Lakebore Subdivision Sewerage District #1, Monroe, Louisiana, (serving approximately 4000 people) was established by the Ouachita Parish Police Jury in the early 1930's. The District is operated by a board of four Commissioners which is appointed by the Ouachita Parish Police Jury. The Commissioners receive no compensation. The District is managed by an independent contractor, hence no payroll. The actual footage for the lines is not known.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying component unit financial statements of the Lakebore Subdivision Sewerage District of Ouachita Parish have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Ouachita Parish Police Jury is the financial reporting entity for Ouachita Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which extent and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Ouachita Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.

2. Organizations for which the police jury does not appoint a voting majority but are financially dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury has the authority to perform the above three steps, the district was determined to be a component unit of the Ouachita Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The Lakeshore Subdivision Sewerage (District #1) of Ouachita Parish is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund is included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as the time liabilities are incurred. The Enterprise Fund uses the following practices in recording certain revenues and expenses:

Revenues

Revenues consist of income from users of the sewer line in the district. Billing is done monthly, and the payments are collected and deposited. Interest income is a result of bank accounts bearing interest.

Expenses

Expenses are reported when the liability occurs. Major expenses are:

| | |
|------------------------|-----------|
| Chemicals | 5,782.63 |
| Electricity | 18,484.53 |
| Supervisory/Accounting | 33,228.71 |

E. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and other money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the district may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. The district has no investments.

F. RESTRICTED ASSETS

Certain proceeds of the enterprise fund's revenues are set aside for specific payments and are classified on the balance sheet as restricted assets because their use is limited by applicable requirements. Restricted assets include the "customer deposits" account, which is used to segregate water meter deposits used to pay any outstanding water bills when customers discontinue service.

G. FIXED ASSETS

Fixed assets of the district are valued at historical cost and are included on the balance sheet of the fund, net of accumulated depreciation. Construction period interest is immaterial and is not capitalized. Depreciation of all depreciable fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of periods from 5 to 40 years.

H. COMPENSATED ABSENCES

The district does not have a formal leave policy.

I. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the enterprise fund.

J. FUND EQUITY

Contributed Capital

Grants, entitlements, or shared revenues received that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is not assigned.

Reserves

Reserves represent those portions of fund equity legally segregated for a specific future use.

K. Encumbrances – Encumbrance accounting is not used.

2. CASH AND CASH EQUIVALENTS

At December 31, 2001, the district has cash and cash equivalents (bank balances) totaling \$379,987.32 as follows:

| | |
|----------------------------------|----------------|
| Demand Deposits | 62,373 |
| Money Market Accounts | 112,679 |
| Interest-bearing income deposits | 399,963 |
| TOTAL | 575,015 |

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2000, the district has \$379,475 in deposits (reflected bank balances). These deposits are secured from risk by \$189,608 of federal deposit insurance and \$379,475 of pledged securities held by the custodial bank in the name of Ouachita Independent Bank. This leaves a balance of \$53,131, which is unsecured.

| | |
|---------------------------------|---------------|
| Total Cash and Cash Equivalents | 379,475 |
| FDIC Insurance | 189,608 |
| Market Value of Pledge | 379,475 |
| Balance unsecured | 53,131 |

This has been corrected in 2002, the bank confirmed.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 38:1228 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

3. RECEIVABLES

The following is a summary of receivables at December 31, 2001:

| Class of Receivable | Current Assets | Total |
|---------------------|----------------|--------|
| Accounts Receivable | 48,124 | 68,138 |

No allowance for bad debts is used since bad debts are either by utility deposits or written off.

4. RESTRICTED ASSETS

| | |
|----------------------|----------------|
| Contingency Fund | 158,898 |
| Reserve Fund | 8,456 |
| Bond Redemption Fund | 233,618 |
| Bond Reserve Fund | <u>112,839</u> |
| Total | <u>513,811</u> |

5. FIXED ASSETS

A summary of fixed assets at December 31, 2000, follows:

| | |
|---|------------------|
| Property, Plant & Equipment – December 31, 2000 | 1,617,184 |
| Additions – 2001 | <u>84,548</u> |
| Total | <u>1,701,732</u> |
| Less Accumulated Depreciation | <u>578,864</u> |
| Total | <u>1,122,868</u> |

6. LONG-TERM LIABILITIES

On April 5, 1992, Sewer Revenue Bonds, Series 1992, were issued to Lakeview Sewerage Subdivision District #1. The following are descriptions of the bonds:

| | |
|---|--------------------|
| Sewer Revenue Bonds | 765,000.00 |
| Term | Fully Registered |
| Date | 04/05/92 |
| Denomination | 5,000.00 |
| Payment to Trust Co. of Louisiana (See Annex, Exhibit D) | |
| Maturity | 30 years |
| Interest Rate | Variation 4 – 7.1% |

The following restrictions apply:

REVENUE BOND SINKING FUND (SINKING FUND) --

1. Maintain a sufficient amount to pay promptly and fully the principal of and the interest on the bonds as they annually become due and payable by transferring from the Sewer System Fund to the Sinking Fund monthly in advance on or before the 15th day of each month of each year, one sixth (1/6) of the interest on the bonds falling due on the next Interest Payment Date and One-Twelfth (1/12) of the principal of the bonds falling due on the next principal payment date, together with such additional principal interest sums as may be required so that sufficient moneys will be available in the Sinking Fund to pay said principal and interest as the same respectively become due.

2. The establishment and maintenance of a "Reserve Bond Reserve Fund" (the Reserve Fund) with the Fiscal Agent Bank by depositing from Bond proceeds upon delivery of the Bonds, a sum equal to the Reserve Fund Requirement, and by making any further deposits as provided in the Bond resolution so that there will be an deposit in the Reserve Fund an amount equal to the Reserve Fund Requirement. The money in the Reserve Fund shall be retained solely for the purpose of paying the principal of and interest on bonds payable from the Sinking Fund as to which there would otherwise be default (except such amounts, if any, as may be payable to the United States of America as a rebate of arbitrage pursuant to Section 148(f) of the Code).
3. The establishment and maintenance of a "Capital Additions and Contingencies Fund" (the Contingencies Fund) to cover the additions and improvements, renewals, replacements and emergency repairs or operational costs necessary to properly operate the System. In addition to covering the extensions, additions, improvements, renewals and replacements or emergency operation and maintenance expenditures necessary to properly operate the System, the money in the Contingencies Fund shall be used to pay the principal of and the interest on the bonds, including any additional *past* *present* bonds issued in the manner provided by the Bond Resolution, for the payment of which there is not sufficient money in the Sinking and or Reserve Fund, but the money in the Contingencies Fund shall never be used for the making of extensions, additions, improvements, renewals and replacements in the System if such use of said money will leave in the Contingencies Fund for making emergency repairs or replacements or paying emergency operational costs less than the sum of Ten Thousand Dollars (\$10,000.00). Upon a finding of the Governing Authority that moneys in the Contingencies Fund are not required for the above-stated purposes, of the fund, such moneys may also be used to retire by purchase or call for redemption outstanding Bonds or outstanding *past* *present* bonds payable from the Mt. Snow Revenue (as defined in the Bond Resolution) at prices not exceeding 103% of the face value thereof plus accrued interest, provided such purchase would not leave remaining in the Contingencies Fund less than the amount of Fifty Thousand Dollars (\$50,000.00). If at any time it shall be necessary to use moneys in the Reserve Fund or the Contingencies Fund for the purpose of paying principal or interest on bonds payable from the Sinking Fund as to which there would otherwise be default, then the moneys so used shall be replaced from the revenues of the system first thereafter received, not required for the purposes described in the Bond Resolution in being the intention that there shall as nearly as possible be at all times in the Reserve Fund and the Contingencies Fund the amounts specified.

The following is a summary of bond transactions of the District for the fiscal year ended December 31, 2001.

| | |
|--------------------------------------|----------------|
| Total Long - Term Debt at 12-31-2001 | 685,000 |
| Less Current Portion | 40,000 |
| Total Long Term Debt | <u>645,000</u> |

The annual requirements to amortize bonds outstanding at December 31, 2001, is as follows:

| Due Apr. 1 | Amount | Interest Rate | Price or Yield | Due Apr. 1 | Amount | Interest Rate | Price or Yield |
|---------------|-----------|------------------|-------------------|---------------|-----------|------------------|-------------------|
| | | | | 2007 | 50,000.00 | 7.00 | 7.30 |
| | | | | 2008 | 40,000.00 | 7.00 | 7.30 |
| 2002 | 40,000.00 | 6.50 | 100 | 2009 | 70,000.00 | 7.00 | 7.30 |
| 2003 | 40,000.00 | 6.70 | 6.75% | 2010 | 75,000.00 | 7.00 | 7.30 |
| 2004 | 50,000.00 | 6.80 | 6.80% | 2011 | 80,000.00 | 7.00 | 7.30 |
| 2005 | 55,000.00 | 7.00 | 7.10 | 2012 | 85,000.00 | 7.00 | 7.30 |
| 2006 | 55,000.00 | 7.00 | 7.10 | | | | |

7. PENSION PLAN

None

8. RELATED PARTY TRANSACTIONS

None

9. LITIGATION AND CLAIMS

None

10. SUBSEQUENT EVENTS

None

11. OTHER SUPPORT

None

SUPPLEMENTAL INFORMATION

LAKEHORE SUBDIVISION SEWERAGE DISTRICT #1
Monroe, Louisiana

Supplemental Information Schedule
As of and for the year then ended December 31, 2001

COMPENSATION PAID TO BOARD MEMBERS

The following schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

*Schedule of Compensation Paid Board Members as of and for the Year Ended
December 31, 2001*

| | |
|--|------|
| Wyllie Moore 626 McCain Monroe, La. 71203 | 0.00 |
| T.B. Bothea 106 Curva Drive Monroe, LA 71203 | 0.00 |
| O.C. Hancock 713 Lakeshore Drive Monroe, La. 71203 | 0.00 |
| Lynn Sivile 210 Pickett Ln. Monroe, LA. 71203 | 0.00 |
| Jimmy Madrick 102 Blue Jay Dr. Monroe, LA 71203 | 0.00 |

JIMMIE SELF, CPA
A PROFESSIONAL ACCOUNTING CORPORATION
1901 Commerce Street, Suite C
Monroe, LA, 70131
Phone (225) 333-4050 Fax (225) 399-4734

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Lakeshore Subdivision Sewerage District #1
Monroe, Louisiana
June 13, 2002

I have audited the general purpose financial statements of the Lakeshore Subdivision Sewerage District #1, a component unit of the Ouachita Parish Police Jury, as of and for the year ended December 31, 2001, and have issued my report thereon dated June 13, 2002. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Lakeshore Subdivision Sewerage District #1, Monroe, La.'s, general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Lakeshore Subdivision Sewerage District #1, Monroe, La.'s, internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements

and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the Lakehurst Subdivision Sewerage District #7's management and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Jeanine Self, CPA

Jeanine Self, CPA

Monroe, Louisiana

June 17, 2002

JIMMIE SEAR, CPA
A PROFESSIONAL ACCOUNTING CORPORATION
1900 Commerce Street, Suite C
Murray, Louisiana 70384
Phone (504) 333-4555 Fax (504) 333-4734

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2001

I have audited the financial statements of Lakeview Subdivision Sewerage District #1 as of and for the year ended December 31, 2000, and have issued my report dated June 17, 2002. I conducted my audit in accordance with generally accepted auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of OMB Circular A-133. My audit of the financial statements as of December 31, 2001 resulted in an unqualified opinion (qualified, adverse, disclaimer).

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☐ yes ☒ no Reportable Conditions ☐ yes ☒ no

Compliance

Compliance material to Financial Statements ☐ yes ☒ no

The security pledge for the cash and cash equivalents was inadequate. I have spoken to the manager and this has been corrected.

Schedule of Prior Year Findings For the year ended December 31, 2000

None.